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TS # 141562

CENTRAL INTELLIGENCE AGENCY

19 March 1957
(Revised)

MEMORANDUM FOR: The Director of Central Intelligence

Subject: Status of the Israeli-Egyptian Crisis

Diplomatic Developments

1. Mrs. Meir is scheduled to return to Israel following meetings with Secretary of State Dulles and UN Secretary-General Hammarskjold yesterday. It is still too early to know the effect on the Israeli government of the joint statement issued by Mrs. Meir and Secretary Dulles in which the latter reaffirmed previous US statements regarding the Egyptian-Israeli situation and stated that the US "stood firmly by the hopes and expectations" it had expressed regarding the status of the UN in Gaza, the "innocent passage" of the Straits of Tiran issue, and a settlement of the Suez Canal problem. However, [REDACTED] suggest that the Israelis may be willing to acquiesce in limited Egyptian civil administration in Gaza. Furthermore, the Israeli radio in its home service and certain moderate newspapers have taken a rather restrained line on the Gaza situation. Mrs. Meir has reiterated Israel's opposition to the stationing of UNEF troops on its side

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of the armistice line. In furtherance of its claims to free passage of the Gulf of Aqaba, Israel sent a small vessel, the Malkat Sheva (Queen of Sheba), through the Straits of Tiran yesterday outbound from Elath, and Danish and Italian freighters under Israeli charter and bound for Elath are due to pass through the Straits in the next few days. Israel^{has} announced it will send an Israeli flag ship through the Gulf as "a test case" as soon as a vessel and sufficient cargo are available. Israel has also reported that one or more US-flag oil tankers now under charter will be placed on the Elath run beginning next month.

2. Hammarskjold is scheduled to leave for Cairo today. Although still convinced that he has no legal authority to curb Nasser, Hammarskjold has indicated his intention to bring strong pressure on him and to this end has requested and received a restatement of the US position on the issues involved. Ambassador Hare has expressed to Nasser US concern over the provocative nature of recent Egyptian moves; though Hare reports that Nasser was "somewhat shaken" by the tenor of US representations and may follow a more cautious line, Hare was unable to secure any specific commitments. Egypt has already circulated a draft of its terms for use of the Suez Canal. They contain the requirement that tolls be paid to Egypt and in general fail

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to meet the four power proposals for an interim arrangement on use of the canal. The Egyptians have been joined by the Saudi Arabians in opposing Israeli use of the Gulf of Aqaba.

Egyptian Moves

3. In Gaza the Egyptian pressure on the UN has continued: the UNEF has been displaced from its headquarters building; Egyptian Frontier Corps personnel have been moved to the Gaza border (and also the Gulf of Suez); and there has been an unimpeded influx of refugees and other Arabs from Egypt into Gaza. Egypt has not so far sought to reintroduce Egyptian troops into Gaza but there are additional reports that fedayeen are being introduced. According to the press, the UNEF has turned over local public security functions to the Palestine police under the supervision of the Egyptian Gaza administration. [REDACTED]

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[REDACTED] reports that armor, artillery, and infantry are being moved into the Sinai peninsula. Egypt has reiterated its demands that the UNEF confine itself to border patrol activities and that it be posed on both sides of the line. Egyptian troops are reported to be heading for Sharm el-Sheikh.

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4. Israeli Military Moves. [REDACTED]

have reported no unusual Israeli mobilization activity. They point out, however, that Israel has enough strength in being to reoccupy Gaza

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without difficulty and with little or no warning. Heavy rains have created conditions which would be a deterrent to, but not prevent a major military undertaking.

5. French and British Intentions. Embassy Paris has reported that Defense Minister Bourges-Maunoury's recent statements about possible French air support for Israeli operations against Egypt are to be disavowed by Ambassador Alphand. However, there are continuing reports that the Defense Ministry is maintaining close contact with the Israeli Defense Ministry and is making plans for military support of Israel in event of hostilities. The UK Foreign Office has assured our Embassy in London that there is no UK involvement in such French moves.

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[REDACTED] believes it doubtful that the UK would allow the French to use bases on Cyprus for such operations, although French forces are still present on the island in small numbers and French technicians are apparently still on duty in Israel.

FOR THE BOARD OF NATIONAL ESTIMATES

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12 SHERMAN KENT
Assistant Director
National Estimates

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